FILE COPY

FILED
MAR 26 1937
CHARLES ELMORE CROPLEY
CLERK

# Supreme Court of the United States

OCTOBER TERM, 1936.

No. 627.

---

BERNARD JOSEPH MUMM, PETITIONER,

*vs.*

JACOB E. DECKER & SONS, RESPONDENT.

---

## RESPONDENT'S BRIEF.

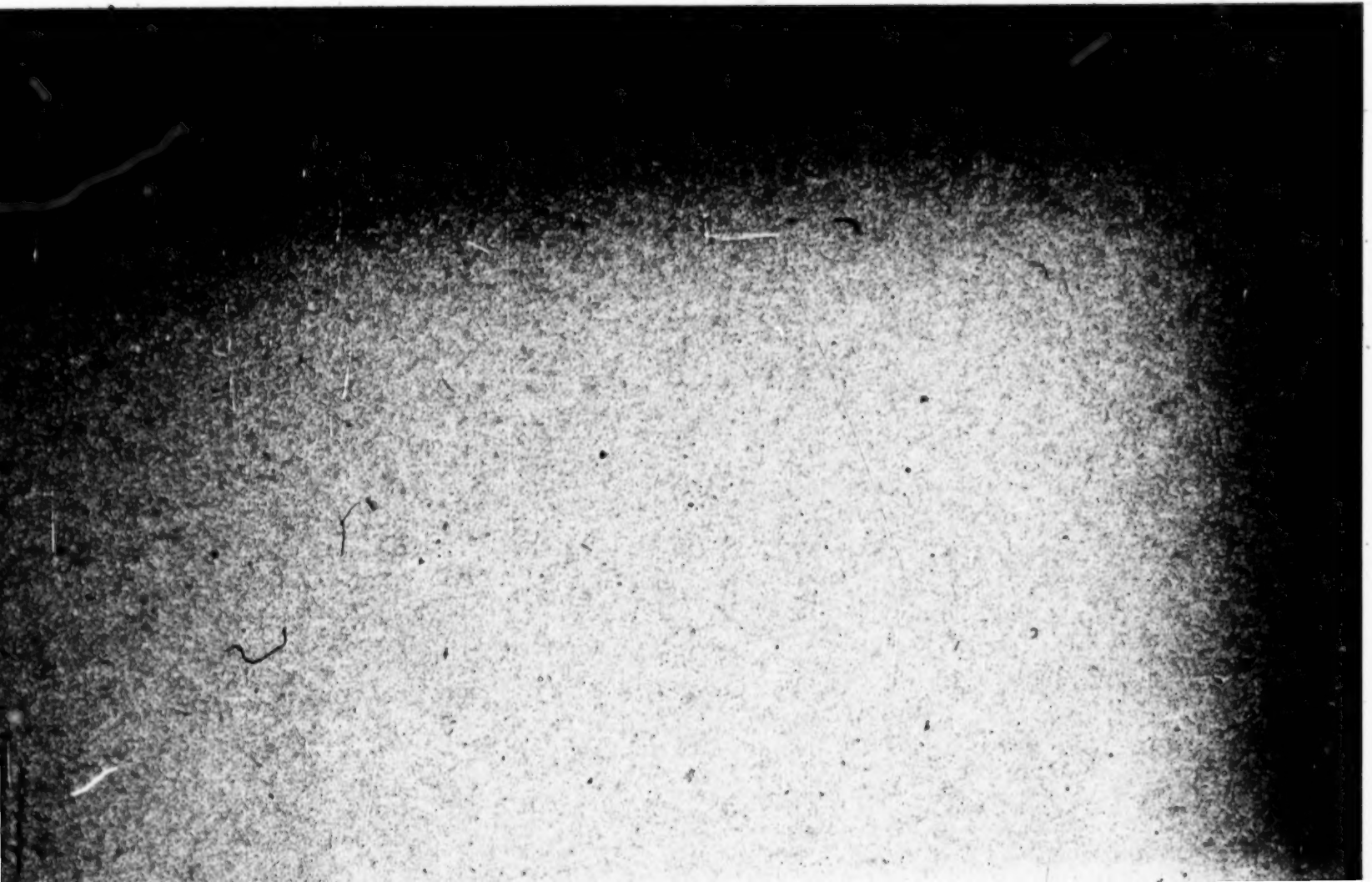
---

MAURICE MALCOLM MOORE,
*Attorney for Respondent,*
*Minneapolis, Minnesota.*

R. F. CLOUGH,
*Mason City, Iowa;*
HAROLD OLSEN,
O. W. GIESE,
*Minneapolis, Minnesota,*
*Of Counsel.*

---

Hayward Brief Co., 601-7 Fourth Ave. So., Minneapolis



## INDEX.


| | Page |
|---|---|
| Argument | 2 |
| Uniform rule prior to 1913 | 3 |
| Practical reasons for the rule | 3 |
| Majority and minority rules after 1913 | 9 |
| Conclusion | 25 |


## TABLE OF CASES.


Aluminum Die vs. Allied Die, 15 F. (2d) 880-881 ..... 17
American Ball vs. Federal Cartridge (unreported) ..... 22, 24
American Graphophone vs. National Phonograph, 127 F. 349, 350-351 ..... 3
American Laundry Machinery vs. Prosperity Co., 294 F. 144 ... 16, 23
Bayley & Sons vs. Braunstein, 237 F. 671, 672 ..... 3, 12, 13, 18, 23
Davis vs. Motive Parts, 16 F. (2d) 148 ..... 18
General Bakelite Co. vs. Nikolas, 207 F. 111 ..... 11, 23
Hayes-Young vs. St. Louis Transit, 137 F. 80, 81 ..... 3, 4, 5, 6, 8
Hayes-Young vs. St. Louis Transit, 130 F. 900, 902 ..... 3, 4, 8
Hayes-Young vs. St. Louis Transit, 199 U. S. 609, 50 L. Ed. 332 ... 6
Ingrassia vs. A. C. W. Mfg. Corp., 24 F. (2d) 703, 704 ..... 19, 23
Ingrassia vs. A. C. W. Mfg. Corp., 277 U. S. 602, 72 L. Ed. 1010 ... 20
Jost vs. Borden, 262 F. 163 ..... 15
McCullough vs. Poultry Producers, 50 F. (2d) 945, 946-7 ... 22, 23, 24
Maxwell Steel Vault vs. National Casket, 205 F. 515, 523-4 ..... 9, 23
Moss vs. McConway, 144 F. 128 ..... 3
Moeller vs. Scranton Glass, 19 F. (2d) 14, 15 ..... 18, 23, 25
Mumm vs. Decker, 86 F. (2d) 77 ..... 23
Pittsburgh Water Heater vs. Beier, 222 F. 950, 951-2 ..... 12, 23
Schaum & Uhlinger vs. Copley-Plaza, 243 F. 924, 926-7 ..... 14, 18, 23
Sullivan vs. Redfield, Fed. Cas. No. 13597 ..... 3, 4, 8
White vs. Studebaker, 30 F. (2d) 835-6 ..... 20, 23, 24
Zenith Carburetor vs. Stromberg, 205 F. 158 ..... 9, 23


## STATUTE CITED.


Secs. 4886 and 4887, U. S. Rev. Stats., 35 U. S. C. A., Secs. 31 and 32 ..... 2, 16, 17, 19

# Supreme Court of the United States

OCTOBER TERM, 1936.

No. 627.

---

BERNARD JOSEPH MUMM, PETITIONER,

*vs.*

JACOB E. DECKER & SONS, RESPONDENT.

---

## RESPONDENT'S BRIEF.

---

This case comes before this Court on writ of certiorari which was granted February 1, 1937, to review the decision and decree of the Circuit Court of Appeals for the Eighth Circuit affirming a final decree of the United States District Court for the District of Minnesota.

The decision below (November 2, 1936) of the Circuit Court of Appeals for the Eighth Circuit appears in the Transcript of Record herein at pages 7-10 and is reported in 86 F. (2) 77 (Advance Sheets of December 21, 1936). The opinion of the District Court was oral and was not reported.

The decision below of the Circuit Court of Appeals for the Eighth Circuit follows a prior decision upon the same question by the Circuit Court of Appeals for the Second Circuit and is directly contrary to a prior decision of the Circuit Court of Appeals for the Third Circuit. Therefore, upon the issue here involved, the decisions of the Circuit Courts

of Appeals for the Second and Eighth Circuits agree but differ from that of the Circuit Court of Appeals for the Third Circuit.

The concise statement of the grounds on which the jurisdiction of this Court is invoked is correctly stated on pages 7-8 of petitioner's brief in support of his petition for writ of certiorari herein.

## ARGUMENT.

Briefly, the question presented is: Was the long established rule of pleading in bills of complaint in patent infringement suits changed by the third paragraph of new Federal Equity Rule 25 adopted by this Court and made effective February 1, 1913?

Rule 25 prescribes that a bill in equity shall be sufficient (among others) if it contain

> "Third, a short and simple statement of the ultimate facts upon which the plaintiff asks relief, omitting any mere statement of evidence."

Both parties hereto are agreed, as stated in the decision below (R. 8), that the established rule prior to 1913 was that it was necessary, to the sufficiency of a bill of complaint in equity for patent infringement, to allege compliance with the requirements of Sections 4886 and 4887, U. S. Revised Statutes (35 U. S. C. A., Secs. 31 and 32).

Those statutory requirements are recited in the Agreed Statement of Case herein (R. 1) and also recited in the decision of the Court below (R. 8) and also appear in full in petitioner's brief in support of petition for writ of certiorari herein (pp. 9-11) and, therefore, need not be repeated.

## Uniform Rule Prior to 1913.

For nearly one hundred years prior to the 1913 Federal Equity Rules there was uniformity of decision of the Federal Courts that these averments or allegations were essential and necessary in the patent infringement equity bill of complaint. An example of an early decision is that of Mr. Justice Thompson (sitting at Circuit) in *Sullivan vs. Redfield*, Fed. Cas. No. 13597, 23 Fed. Cas. 357, and the following decisions each contain copious citations of the uniform application of the established rule:

*American Graphophone vs. National Phonograph*, 127 F. 349, 350-351;

*Moss vs. McConway-Torley Co.*, 144 F. 128;

*Bayley vs. Braunstein*, 237 F. 671, 672.

## Practical Reasons for the Rule.

Reasons for the established rule are emphasized in the early decision by Mr. Justice Thompson in *Sullivan vs. Redfield, supra*, and in *Hayes-Young Tie Plate Co. vs. St. Louis Transit Co.*, 130 F. 900, which was affirmed, 137 F. 80.

In *Sullivan vs. Redfield, supra*, which was decided by Mr. Justice Thompson in 1825, he had before him a bill of complaint in a patent infringement suit which failed to allege that the patentee-complainant was the original inventor.

Defendants raised the objection of insufficiency of fact and complainant argued that the oath filed by the inventor at the time of application for his patent was at least *prima facie* evidence that he was the inventor or discoverer. Mr. Justice Thompson, in his opinion, pointed out that the Court would not presume that the patentee, when he made the

original oath, did not believe himself to be the true inventor or discoverer. However, Mr. Justice Thompson cogently pointed out that such was not the question. The opinion states (23 Fed. Cas. 359):

> "But the question is not whether at that time he was under such belief, but whether he is still under that belief when he seeks to enforce his patent right. In the present case the patent was granted in the year 1816, and the patentee may since that time have obtained such information respecting the invention, that he could not now swear that he believes himself to be the inventor of what he claims; * * *. For although when he obtained his patent he might very honestly have sworn to his belief of such being the fact, yet circumstances may have subsequently intervened, or information have been communicated sufficient to convince him, that it was not his own original invention, and that he was under a mistake, when he made his previous declaration to that effect."

*Hayes-Young Tie Plate Co. vs. St. Louis Transit Co.*, 137 F. 80, was a decision by the Circuit Court of Appeals for the Eighth Circuit which affirmed the decision of the trial judge reported in 130 F. 900.

As the trial court pointed out in its decision, the question was whether it was necessary to aver in the bill of complaint that the invention of the patent had not been in public use or on sale for more than two years prior to the application which was made in 1901. The trial court said (p. 902):

> "As already seen, this averment does not appear. In my opinion it is a necessary jurisdictional averment. It is an averment of a fact, which is of the essence of the

right of action, and must therefore be stated in the complaint."

The Circuit Court of Appeals for the Eighth Circuit (137 F. 80, 81-82) affirmed the decree of dismissal below, saying:

> "The fact that an invention was not in public use or on sale in this country for more than two years prior to the application for the patent is an indispensable condition of its validity, and an averment of that fact is essential to the statement of a good cause of action for its infringement. (Citing cases.) The chancellor below ruled that the bill in this case contained no allegation that the invention was not in public use or on sale in this country for more than two years prior to the filing of the application of April 15, 1901, although it presented an averment that the invention was not in public use or on sale for more than two years prior to the filing of the application of July 23, 1894. Thereupon he gave to the complainant permission to amend its bill by inserting an allegation therein to the effect that the invention was not in public use or on sale more than two years prior to the second application. The tie company refused to accept this permission, and thus in effect conceded that the court's construction of the pleading was right."

In that case Hayes, the patentee, filed an application in 1894 which was rejected and by reason of illness and lack of funds the application became abandoned. After his recovery, he filed a petition for revival of the abandoned application. The Commissioner of Patents denied such petition and advised the filing of a new application. In 1901 the new application was filed and suit was brought upon the patent granted thereon and the bill of complaint in

such suit failed to aver that the invention was not in public use or on sale for more than two years prior to the filing of the second application. Because of the absence of such averment in the bill of complaint, defendant filed its demurrer which the trial court sustained and which holding the Circuit Court of Appeals for the Eighth Circuit affirmed.

After pointing out these facts, the decision of the Circuit Court of Appeals for the Eighth Circuit concludes as follows (p. 85):

> "The unavoidable conclusion is that the first application of Hayes was abandoned; that the second application was not a continuation of the original solicitation, but the institution of a new and independent proceeding; that the patent is founded on the second application alone; and that the absence of any averment that the invention was not in public use or on sale in this country for more than two years before the latter application was presented to the commissioner is fatal to the cause of action for an infringement of the patent.
>
> "The decree below is affirmed."

Petition for writ of certiorari to the Circuit Court of Appeals for the Eighth Circuit was filed in the Supreme Court of the United States and was denied December 4, 1905, 199 U. S. 609, 50 L. Ed. 332.

It is obvious that the patentee Hayes could not truthfully aver that the patented device had not been in public use or on sale more than two years prior to the 1901 application for the patent in suit.

Hayes' bill of complaint, in substance, did aver that the patented invention was not in public use or on sale more than two years prior to the filing in 1894 of his abandoned application.

But Hayes, in all honesty and truthfulness, was debarred from making the allegation that his invention had not so been in public use or on sale more than two years before the filing of the 1901 application for the patent in suit. The result was that case was quickly dismissed upon demurrer and such dismissal was affirmed on appeal and certiorari denied.

Aside from observance of the age-old principles of equity pleading and practice, the salutary and practical effects of the quick dismissal of such an insufficient bill of complaint are clear. When the trial judge and the Circuit Court of Appeals for the Eighth Circuit dismissed that bill for insufficiency of fact, the trial court and counsel were saved the expenditure of time and energy in the preparation for trial and trial of a patent infringement suit wherein the patentee had not even fulfilled a statutory condition precedent to the patent contract. Not only does the accumulated wisdom of Federal decisions for over a hundred years prescribe such course but the unfortunate results of a departure therefrom seem obvious. It opens the way to fraud and imposition to less truthful patentees than Hayes. It necessarily throws a heavy burden upon the public in defending suits wrongfully brought. On the other hand, if the prescribed allegations are initially omitted from the bill, plaintiff is uniformly afforded opportunity to amend. If plaintiff amends, the litigation proceeds; if plaintiff refuses, as did Hayes (as stated by the Circuit Court of Appeals for the Eighth Circuit), then the wrongful expenditure of time, labor and money by Court, counsel and defendant, ought, in equity and good conscience, to be saved by immediate dismissal.

In the decision below whose affirmance is sought, the Circuit Court of Appeals for the Eighth Circuit pointed out

that it sometimes happens that the patentee cannot truthfully make some of these averments in question and that, in such a situation,

> "litigation may be prevented, or, if initiated, may be easily and speedily terminated by a motion to dismiss the bill" (R. 10 and 86 F. (2d) 79).

Bearing in mind the practical wisdom of the decisions of Mr. Justice Thompson in *Sullivan vs. Redfield, supra,* and that of the Circuit Court of Appeals for the Eighth Circuit in *Hayes-Young vs. St. Louis Transit, supra,* let it be applied to a supposititious case: A patentee submits to his counsel his patent and evidence of infringement by another. Counsel notifies the infringer. Infringer's counsel conducts a validity search, finds an anticipating and invalidating reference and submits it to counsel for the patentee. The result is suit is never filed by the patentee. Why? Because the patentee then knows for the first time that he is not the original inventor and that the conditions pertinent to the valid grant of his patent contract had not been fulfilled. He may not thereafter honestly and truthfully aver the ultimate facts essential to his right to sue—he can not thereafter aver that his invention was not known or used by others before his invention or discovery thereof, etc.—without committing perjury.

The Hayes-Young decision and the Sullivan-Redfield case are cited, not because they alone are controlling but because each shows with great clarity the danger of opening the door to fraud and imposition by permitting omission of averments in bills of complaint in patent infringements suits which averments have been uniformly held essential and necessary for over a hundred years and which have been so held by the majority rule since 1913.

## Majority and Minority Rules After 1913.

After the effective date (1913) of the present Federal Equity Rule 25, there arose the majority rule requiring such averments which followed the long-established rule, as exemplified by the decisions of the Circuit Courts of Appeals for the Second and Eighth Circuits and there also arose the minority rule permitting their omission as exemplified by a decision of the Circuit Court of Appeals for the Third Circuit. The subsequent majority rule requires affirmance or negation of the statutory requirements in question upon the ground that they are ultimate facts because the patent itself is only *prima facie* (not conclusive) proof of alleged right to a monopoly and therefore to allege patent-grant alone is to allege *evidence* and not the "ultimate facts" and also because the patentee's right depends upon his affirmative pleading of necessary or of ultimate facts to bring him within the statutes upon which his right depends.

The first case reported after the new equity rules was that of *Zenith Carburetor vs. Stromberg* (Mich.), 205 F. 158, wherein the Court denied a motion to dismiss brought against a bill of complaint whose allegations did not include compliance with the negative requirements of these statutes, but only alleged patent-issuance, title and infringement.

Immediately thereafter followed the decision of Judge Ray (May 17, 1913) in *Maxwell Steel Vault vs. National Casket* (N. Y.), 205 F. 515, wherein plaintiff accurately followed prescribed pleading and included such allegations in question. The Court denied defendant's motion to strike such allegations, saying (pp. 523-4):

> "It has been held more than once that a bill for infringement of a patent to state a cause of action must

not only allege the facts which are essential to the validity of the patent under these sections, but negative those which would defeat it. *Elliott & Hatch Book-Typewriter Co. vs. Fisher Typewriter Co.*, 109 Fed. 330; *American Graphophone Co. vs. National Phonograph Co.*, 127 Fed. 349; *Moss vs. McConway Torley Co.*, 144 Fed. 128; *Blessing vs. Copper Works*, 34 Fed. 753; *Coop. vs. Institute*, 47 Fed. 899; *Brake-Shoe Co. vs. Detroit Steel & Spring Co.*, 47 Fed. 894; *Goebel vs. Supply Co.*, 55 Fed. 827; *Hanlon vs. Primrose*, 56 Fed. 601; *Ross vs. City of Ft. Wayne*, 58 Fed. 404; *Hutton vs. Seat Co.*, 60 Fed. 747; *Diamond Match Co. vs. Ohio Match Co.*, 80 Fed. 118; *Wheel Co. vs. Davie*, 100 Fed. 85.

• • • • • • • • • •

"I do not think rule 25 was intended to do away with the necessity of alleging compliance with sections 4886 and 4887 of the Revised Statutes. In other words, it does not change the rule of pleading in patent cases stated in the cases above cited. If it does, then hereafter it will only be necessary to allege the issuing of the letters patent, describing them and the ownership of same and all the other facts will be presumed from the existence of that fact; there being a presumption that such letters patent are valid. All the numerous decisions seem to go on the theory that, to allege a good cause of action in a patent case, it is necessary to state all the facts showing that the patentee was entitled to the patent and to negative the existence of those facts which if existing would defeat the validity of the patent. That is, while the issue of the letters patent, and their presentation in court are *prima facie* evidence of their validity, this must be sustained by appropriate

allegations in the bill of complaint showing that they were properly and legally issued to the first inventor, and, in effect, that there is no defense thereto of the character referred to. The forms for bills of complaint in patent cases given in the books all follow this procedure. See 3 Rose, Code Fed. Proc., c. 29, p. 2862; 4 Desty, Fed. Proc. 691. Whatever the reason for all these allegations in a bill in equity for infringement of a patent and for an accounting, I do not think the new rules were intended to change this settled practice."

It will thus be seen that this decision in the New York District was contra to the preceding one in the Michigan District and was based upon the proposition that new Equity Rule 25 was not intended to abolish the necessity of alleging compliance with the provisions of these two sections of the Revised Statutes. In other words, the new Equity Rule did not change the rule of pleading such ultimate facts in patent cases.

On July 29, 1913, District Judge Chatfield (N. Y.) handed down a decision in *General Bakelite Co. vs. Nikolas*, 207 F. 111, which passed upon the same question. Judge Chatfield held that new equity rule did change the former pleadings and denied defendant's motion following the Zenith Carburetor case, a copy of which decision was presented by plaintiff at the hearing. Judge Chatfield evidently did not have before him the decision of Judge Ray in the Maxwell-National Casket case. Later the Circuit Court of Appeals for the Second Circuit settled the practice in that circuit otherwise. Hence, this holding is overruled.

Thus in the summer of 1913 we find that the District Courts for the Northern and Eastern Districts of New York upon this question held oppositely.

Further confusion was added in April, 1915, when District Judge Orr (Pennsylvania) handed down a decision at final hearing upon the merits in *Pittsburgh Water Heater vs. Beler*, 222 F. 950. He took occasion to compliment plaintiff upon the brevity of its bill of complaint. Apparently no objection whatsoever was made by defendant to the bill of complaint upon the ground that it did not negative the requirements of the two statutes in question. However, it should be noted that Judge Orr during his *obiter* remarks said (pp. 951-2):

> "It is unnecessary in this case to determine whether or not, since the new equity rules, a plaintiff may safely omit the averments of compliance with all conditions precedent to the grant of a patent * * *."

It is thus obvious that, while Judge Orr approved a shortened form of allegation, he did *not* determine whether omissions of allegation of compliance with these statutory conditions precedent may safely be made—because that question was not raised.

In December, 1916, Circuit (then District) Judge Learned Hand (N. Y.) rendered the decision in *Bayley & Sons, Inc., vs. Braunstein*, 237 F. 671. The question at bar was squarely raised in that case by defendant's motion to dismiss. Judge Hand cited many decisions showing the law prior to the new equity rules and also referred to the fact that difference of opinion had arisen upon this question, since the new rules. He specifically referred to Judge Ray's decision in the Maxwell case which held that the new equity rules did not change the old rule of pleading and to Judge Tuttle's contrary decision in the Zenith Carburetor case.

Judge Hand held that the new rules did not change pleading and did not eliminate the necessity for pleading of "ulti-

mate facts," of which compliance with these two statutes was one.

Judge Hand said (p. 672):

"Every one concedes that the patent itself is only *prima facie* proof of the patentee's right to his monopoly. To allege the patent alone, therefore, is to allege evidence, and not the 'ultimate facts' required by rule 25 (198 Fed. xxv, 115 C. C. A. xxv). The only question that can arise is, what portions of the statute which define his right shall be regarded as provisos and what exceptions. It was well settled before the rules went into effect that the plaintiff must allege, not only that he was the first, original, and sole inventor, but also compliance with the negative requirements of the statutes. *Blessing vs. Copper Works* (C. C.), 34 Fed. 753; *Coop. vs. Institute* (C. C.), 47 Fed. 899; *Consolidated Brake-Shoe Co. vs. Detroit Steel & Spring Co.* (C. C.), 47 Fed. 894; *Goebel vs. Supply Co.* (C. C.), 55 Fed. 827; *Hanlon vs. Primrose* (C. C.), 56 Fed. 601; *Ross vs. City of Ft. Wayne* (C. C.), 58 Fed. 404; *Hutton vs. Seat Co.* (C. C.), 60 Fed. 747; *Diamond Match Co. vs. Ohio Match Co.* (C. C.), 80 Fed. 118; *Rubber-Tire Wheel Co. vs. Davie* (C. C.), 100 Fed. 85; *Elliott & Hatch Book-Typewriter Co. vs. Fisher Typewriter Co.* (C. C.), 109 Fed. 330. Since the new rules went into effect, some difference of opinion has arisen. Judge Ray has held, in *Maxwell Steel Vault Co. vs. National Casket Co.* (D. C.), 205 Fed. 515, that the old rule applies. But Judge Tuttle held the contrary, in *Zenith Carburetor Co. vs. Stromberg Motor Devices Co.* (D. C.), 205 Fed. 158.

"I cannot see that the new rules can have changed the pleading at all. They only incorporate what was

the practice of every good pleader before. The equity bar got into verbose habits, but those habits were never proper, except for the fact that, by loading the bill with 'proper charges,' the discovery could be made more specific. It therefore was necessary to put much evidence in the bill. That requirement has been eliminated by the rule, so that the bill is now, what it always ought to have been, a mere pleading, and not a 'charge' of evidence to be answered. But the rules did not and could not change the necessity of a statement by the party having the affirmative of the 'ultimate facts' on which his right depends. Nevertheless, I hope we shall not return to the old idle verbiage, which incumbered a bill for infringement. Whether we do or not depends upon the instinct of workmanship of the bar."

In 1917, Circuit Judge Dodge (Mass.) handed down the decision in *Schaum & Uhlinger vs. Copley-Plaza*, 243 F. 924. That case was a patent infringement suit coming up on defendants' motion to dismiss for failure to negative the provisions of Revised Statutes 4886 and 4887. Circuit Judge Dodge referred to the Maxwell and Bayley decisions holding that new Equity Rule 25 did not change established practice and also referred to the Zenith and General Bakelite decisions expressing the contrary opinion and also called attention to the fact that the decision in the Pittsburgh Water Heater case did not pass upon the necessity for alleging compliance with the provisions of these statutes.

After discussion of these prior decisions, Circuit Judge Dodge stated that he agreed with the decisions of Judges Ray and Learned Hand, saying (pp. 926-7):

"Upon the question now being considered, I agree with Judge Ray and Judge Hand, and hold, as they have

held, that rule 25 does not change the previously settled requirement of distinct allegations of compliance with sections 4886 and 4887. Such allegations were previously held necessary because they were of facts essential to the validity of the patent sued on, and therefore to the relief sought. If essential to this extent, I must consider them statements of ultimate facts, as distinguished from statements of mere evidence, for the purposes of rule 25. Said facts can be shortly and simply stated in various ways; one way being that suggested in Judge Ray's opinion above referred to ((D. C.) 205 Fed. at page 521). There will be no occasion for a return to any of the unduly prolix forms wherein they have sometimes been stated. Perhaps they may be capable of sufficient statement in a form even more condensed; but the language whereby this bill attempts to cover them seems to me altogether too general and indefinite."

Thus, the decisions of the Federal Courts were beginning to crystallize in favor of the holding that allegations of compliance with the provisions of these two statutes were necessary in a bill of complaint because they were "ultimate facts."

In 1920 District Judge Dickinson (Pennsylvania) in *Jost vs. Borden Stove Co.*, 262 F. 163, approved a short form of bill of complaint which apparently failed to plead compliance with the provisions of Section 4920 (abandonment). The Court, stating that it did not have access to the verbiage of the bill, held that the pleading of abandonment under Section 4920, R. S., is a defense and is not part of the ultimate facts necessarily pleaded in the complaint. He denied the motion to dismiss.

As a basis for his decision, he cited the Pittsburgh Water Heater case decided by Judge Orr and wherein the issue was not raised, and cited the Bayley-Braunstein and Schaum-Copley cases, each of which held that the provisions of Sections 4886 and 4887 must be negatived in the bill of complaint because they are "ultimate facts."

In 1923 District Judge Cooper (N. D., New York) granted a motion to dismiss because the bill of complaint in a patent infringement suit, while negativing the requirements of Section 4886 in regard to one patent in suit failed to negative such provisions in pleading the second patent in suit which was *divisional* of the first patent in suit. The motion to dismiss was grounded upon plaintiff's failure to negative the provisions of that statute with relation to the patent issuing upon the divisional application. Plaintiff conceded that if the two-year limitation for the filing of applications applied to a divisional, as well as an original, application, his bill was admittedly defective in not making the appropriate averments. This was the case of *American Laundry Machinery Co. vs. Prosperity Co.*, 294 F. 144. The motion was granted but was reversed by the Circuit Court of Appeals for the Second Circuit (295 Fed. 819) upon a different ground, *i. e.*, that the so-called two-year limitation does not apply to divisional applications. The Court of Appeals in its decision referred to the provision of Section 4886 and stated that it is good pleading for a plaintiff in a patent suit to negative the exceptions of the statute in his bill, and this the present plaintiff did, as above shown. The decree was reversed because the divisional application relates back to the original from which it was carved and is regarded as having the filing date and priorities of that original.

In 1924 District Judge Campbell (E. D., N. Y.) decided

the case of *Aluminum Die-Casting Corp. vs. Allied Die-Casting Corp.*, 15 F. (2d) 880. That case came up on motion to dismiss because the bill of complaint did not allege compliance with Sections 4886 and 4887, R. S. The motion to dismiss was granted upon the ground that the patent is but *prima facie* evidence and the allegation that it was granted is not an allegation of the ultimate facts. The Court said (pp. 880-881):

> "The third paragraph of the complaint does not comply with equity rule 25, because it does not allege compliance with Revised Statutes §§4886 and 4887. (Comp. St. §§9430, 9431), and all facts necessary to show that the patentee was entitled to the patent in suit and to negative the facts which would defeat the patent, nor is any profert of the patent made. What the plaintiff does in the third paragraph of the complaint is to allege the evidence and fail to allege the ultimate facts upon which the plaintiff asks relief.
>
> "The patent itself is but *prima facie* evidence, and the allegation that it was granted is not an allegation of the ultimate facts upon which the plaintiff asks relief.
>
> "Plaintiff cites equity rule 18, which abrogates technical forms of pleading as the foundation of the simplified form of pleading used by it; but he misses the point, it seems to me, for which the defendants are contending, and that is a compliance with another of the same rules, to-wit, equity rule 25, in a matter of substance, not a technicality, because to require a pleading of facts, instead of evidence, is to apprise the defendants of what rights the plaintiff claims, rather than the evidence by which it intends to prove its rights.

"It cannot be denied that there has been a difference of opinion in the courts as to the effect of rule 25, but in my opinion the weight of authority supports the holding that the new equity rules have not changed the pleading in patent cases, but only incorporate what was the practice of every good pleader before their adoption. *Maxwell Steel Vault Co. vs. National Casket Co.* (D. C.), 205 F. 522; *General Bakelite Co. vs. Nikolas* (D. C.), 207 F. 112; *Bayley & Sons, Inc., vs. Braunstein Bros. Co.* (D. C.), 237 F. 671; *Schaum & Uhlinger vs. Copley-Plaza Operating Co.* (D. C.), 243 F. 924. A somewhat more liberal rule is laid down in *Pittsburgh Water Heater Co. vs. Beler Water H. Co.* (D. C.), 222 F. 951, and *Jost vs. Borden Stove Co.* (D. C.), 262 F. 163; but neither of them go to the extent claimed by plaintiff, and in each of them a profert of the patent is made."

In 1922, District Judge Knox (S. D., N. Y.) handed down a decision in *Davis vs. Motive Parts Corp.*, 16 F. (2d) 148. Therein the bill of complaint failed to allege that the patentee invented the devices there disclosed and the Court said that so far as that District was concerned, the defendant's motion was well founded under the decision of Judge Learned Hand in *Bayley & Sons, Inc., vs. Braunstein,* 237 F. 671, and *Schaum & Uhlinger vs. Copley-Plaza,* 243 F. 924. The Court further stated that it would follow the established practice in that District and hold with the defendants upon this branch of the case.

In 1927, the Circuit Court of Appeals for the Third Circuit handed down its decision in *Moeller vs. Scranton Glass Co.,* 19 F. (2d) 14. The bill of complaint for patent infringement therein simply alleged full compliance with the

statutes. Upon defendant's motion to dismiss because the bill of complaint failed to set forth that the inventions at issue were not in public use nor on sale in this country for two years before the application, the trial court held that the bill of complaint was defective. The Circuit Court of Appeals reversed the trial court upon the ground that the issuance of the patent was the ultimate fact and that the negative requirements of Section 4886 and 4887 are "not requirements as to a patentee's *prima facie* right of action on a patent granted" (p. 15).

In the following year (March 5, 1928), the Circuit Court of Appeals for the Second Circuit handed down its decision in *Ingrassia vs. A. C. W. Mfg. Corp.*, 24 F. (2d) 703. Herein the Court of Appeals affirmed the order of dismissal of the bill of complaint because defective and insufficient, saying (p. 704):

> "The cause of action for patent infringement is insufficient, for it does not allege that the invention was not known or used in this country before his invention or discovery thereof, and not patented or described in any printed publication in this or any foreign country before the invention or discovery thereof, or that for more than two years prior to his application for a patent therefor it was not in public use or on sale in this country; that no application for a foreign patent for said invention was filed for more than 12 months prior to the filing of the application in this country, and that it was not abandoned; in other words, that it does not allege the conditions for the grant of patents provided for in sections 4886, 4887, of the United States Revised Statutes (35 U. S. C. A., §§31, 32; Comp. St., §§9430, 9431). These are necessary allegations of ultimate facts required by rule XXV of the District Court (198 F.

xxv, 115 C. C. A. xxv). The inventor's right depends upon his affirmative pleading of necessary or ultimate facts to bring him within the statute on which his right depends. *American Laundry Machinery Co. vs. Prosperity Co.* (C. C. A.), 295 F. 819; *Bayley & Sons, Inc., vs. Braunstein Bros.* (D. C.), 237 F. 671; *Rubber Tire Wheel Co. vs. Davie* (C. C.), 100 F. 85. The bill of complaint was insufficient. Decree affirmed."

After the dismissal of the bill of complaint, the plaintiff filed a petition for writ of certiorari in the Supreme Court of the United States. The petition was denied by the Supreme Court on May 28, 1928, 277 U. S. 602; 72 L. Ed. 1010.

In 1929, District Judge James (S. D., Calif.) followed the majority rule in the decision in *White vs. Studebaker Corp., et al.*, 30 F. (2d) 835. This was a patent infringement suit coming up for hearing on defendants' motions to dismiss and to strike. The facts appear in the following quotation from that decision (pp. 835-6):

"Referring first to the motions to dismiss: It is contended that the allegations of the bill of complaint are not sufficient to state a cause for the relief prayed for. Without preliminary allegations referring to the inventions, plaintiff alleges that on a certain date letters patent were granted under the statutes of the United States and rules of practice of the United States Patent Office, and that he ever since has been and is now the owner thereof. Defendants insist that this form of pleading does not present the essential facts which established practice requires shall be set out.

"The question as to what a bill of complaint must show by allegations of facts in a patent suit is one that has been given the attention of various of the federal

judges, and the decisions are not in full accord. It seems to be conceded by the plaintiff that, at least prior to the taking effect of Equity Rule 25, in the year 1913, a complainant in equity, suing to protect patent rights, was obliged to set forth facts showing that he was entitled to have issued to him the patent under which such rights were claimed; in other words, that he must allege that all of the conditions described in sections 4886, 4887, Revised Statutes (35 U. S. C. A., §§31, 32), existed precedent to the issuance of the patent. The decisions made, in which the requirement as indicated was laid down, treated the conditions enumerated in the sections noted as the ultimate facts, and it was generally held that, in order to show a good cause for complaint, there should be set forth fully, not only the affirmative matters prerequisite to the patent, but that the allegations should negative as well the conditions which would have affected the right. At first thought, the rule thus imposed as to the latter requirement, might seem to be at variance with the general holding that matters which invalidate an otherwise existing right need not be negatived in a pleading. But conditions of both classes form issuable facts, and, being such, the complainant should be obliged to affirm their existence or nonexistence by suitable allegations. If the letters patent were made *conclusive evidence* of the existence of the facts entitling the holder thereof to the right, obviously there would be no necessity for a bill of complaint to allege more than the fact that the patent had been regularly issued. The patent, however, is only *prima facie* evidence that it was issued in a proper case.

"Equity Rule 25 was apparently designed to simplify only the old form of pleading an equity cause. That a

complainant, as is provided, may make a 'short and simple statement of the ultimate facts,' is not to say that any of the ultimate facts may be omitted from that statement. In my opinion, rule 25 has not in any wise changed or limited the matters required to be pleaded, and hence it must be held that plaintiff's bill is deficient."

In 1931, District Judge Kerrigan (N. D., Calif.) followed the minority rule in deciding the case of *McCullough vs. Poultry Producers*, 50 F. (2d) 945, and held oppositely to Judge James of the California district. His holding is set out in the following quotation (p. 946):

"The defendant has moved to dismiss plaintiff's bill of complaint on the theory that plaintiff has not alleged therein the ultimate facts required by law. The instant case raises the question in this district as to whether the so-called 'long form' or 'short form' of bill of complaint is proper. There is a square conflict of authority on this point in the United States courts. There are two Circuit Court cases on the point, one of which, *Ingrassia vs. A. C. W. Manufacturing Corporation,* 24 F. (2d) 703 (C. C. A. 2), holds that the 'short form' is not sufficient, and the other of which, *Moeller vs. Scranton Glass Instrument Co.,* 19 F. (2d) 14 (C. C. A. 3), holds that the 'short form' is sufficient. The District Courts are likewise divided. This court is of the opinion that the 'short form' of the bill of complaint in patent infringement cases is sufficient. This view has heretofore been followed in several cases in this district without written opinion."

The only other pertinent decision which counsel can find is that of *American Ball vs. Federal Cartridge,* which is un-

reported but was handed down December 27, 1933, Equity No. 2720, by the District Court for the District of Minnesota. That decision followed the minority rule approving the short form and cited several cases as supporting the minority rule. These cases include (1) *Zenith vs. Stromberg,* which was commented upon in later cases by Circuit Judge Hand in one and again by Circuit Judge Dodge in another and each refused to follow such rule; (2) *General Bakelite vs. Nikolas* (subsequently overruled by Ingrassia case by the Circuit Court of Appeals for the Second Circuit); (3) *Pittsburgh Water Heater vs. Beler,* wherein the decision specifically states that it is not necessary to decide that point; (4) *McCullough vs. Poultry* in the *Northern* District of California, which is directly contrary to the decision in the *Southern* District of California, in the *White vs. Studebaker* case.

Squarely adhering, after 1913, to the long-established practice are the following decisions constituting the majority rule: Those of the Circuit Courts of Appeals for the Second and Eighth Circuits in *Ingrassia vs. A. C. W. Mfg. Corp., supra,* and *Mumm vs. Decker,* 86 F. (2d) 77, and those of the District Courts in *Maxwell vs. National, supra; Bayley vs. Braunstein, supra; Schaum vs. Copley-Plaza, supra; American Laundry vs. Prosperity, supra,* and *White vs. Studebaker, supra.*

The minority rule arising after 1913 is shown by the decision of the Circuit Court of Appeals for the Third Circuit in *Moeller vs. Scranton Glass, supra,* and by the following District Court decisions: *Zenith vs. Stromberg, supra* (which District Judge Learned Hand and Circuit Judge Dodge subsequently commented upon and refused to follow); *Bakelite vs. Nikolas, supra* (subsequently overruled by the Circuit Court of Appeals for the Second Circuit);

*Pittsburgh Water Heater vs. Beler, supra* (wherein it is specifically stated that it was not necessary to decide the point and hence is *obiter dicta*); *McCullough vs. Poultry Producers, supra* (decision of Northern District of California, which is squarely in conflict with decision in Southern District of California in *White vs. Studebaker, supra*); and *American Ball vs. Federal Cartridge, supra* (based upon the preceding).

## CONCLUSION.

Affirmance of the decree below is prayed.

The decision below of the Circuit Court of Appeals for the Eighth Circuit squarely adheres to the majority rule enunciated by the Circuit Court of Appeals for the Second Circuit and by many District Courts.

The decision below squarely adheres to the established rule uniformly followed for nearly one hundred years prior to 1913 in Federal patent equity pleading and practice.

The majority rule followed by the decision below is based upon sound practical wisdom looking to the prevention of fraud and imposition upon the public and to the prevention of wrongful litigation; or, if initiated, its speedy termination by prompt motion to dismiss.

The minority rule is only uniformly in effect in the Third Circuit following the opinion of the Circuit Court of Appeals for the Third Circuit in *Moeller vs. Scranton Glass, supra.* The decision in that case does not mention nor cite any of the multitude of prior contrary decisions of the Federal, District and Appellate Courts but took the position that the issuance of the Letters-Patent was the ultimate fact on which the plaintiff sought relief. This decision and this expression of opinion are contrary to those of the Federal, District and Appellate Courts for over one hundred years and completely overlooks the sound, practical wisdom of the maintenance of the long-established rule. As both earlier and later decisions point out, the patent itself is only *prima facie* evidence of the patentee's alleged right and the allegation that it was granted is an allegation of evidence and not of the ultimate facts required by Rule 25. That was the long-established rule of pleading and is the rule followed by the weight of authority since 1913.

The terms "long form" and "short form" are frequently used and may well be misleading because the question involved is not merely one of form but of real substance. The omission of these essential averments may shorten such a bill of complaint by a few typewritten lines but that minor advantage is almost trivial when considered in the light of the substantial and practical expedition of the administration of justice resultant from the requirement of such essential and necessary allegations.

It is, therefore, respectfully submitted that the majority rule as followed by the Circuit Courts of Appeal for the Second and Eighth Circuits and by various District Courts since 1913 and uniformly by all Courts prior to 1913, is correct, and that the decree below should be affirmed.

Respectfully submitted,

MAURICE MALCOLM MOORE,
*Attorney for Respondent,*
*Minneapolis, Minnesota.*

R. F. CLOUGH,
*Mason City, Iowa,*
HAROLD OLSEN,
O. W. GIESE,
*Minneapolis, Minnesota,*
*Of Counsel.*

March 22, 1937.